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ABSTRACT

These three brochures discuss important issues related to child welfare. The first, "Family Support: A New Approach to Child Well-Being," summarizes this philosophy of community service. Family support is defined and differentiated from traditional services; its advantages are outlined; and specific family support programs in Massachusetts are briefly described. The second brochure, "Health Care for All Our Children: We Can Make It Happen," discusses the problem of uninsured children and what can be done about it. Information is presented on the health care gap in Massachusetts, a profile on uninsured families in the state in 1995, health effects for kids without health insurance, the costs incurred by lack of health care, and charges for preventable hospitalizations of uninsured children in the state. Programs such as the Children's Medical Security Plan (CMSP) are also described. The third brochure, "Massachusetts Families: Working and Still Poor," presents statistics on the state's working poor families, including the work effort of poor families with children in the mid-1990s, a profile of poor working families, a monthly budget for a four-person family with earnings 155 percent above poverty, the consequences of child poverty, why working families are poor, and employment shifts to low-paying industries and part-time jobs. This brochure concludes with strategies to support work and reduce poverty, such as improving child care, promoting affordable housing, expanding the Earned Income Tax Credit, and raising the minimum wage. (EV)

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Family Support

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

A New Approach to Child Well-Being

"When families are able to create and sustain environments that promote healthy child development, their children are more likely to become competent and caring adults.... When families break down, all of society bears far greater costs....

National Commission on Children, *Beyond Rhetoric*
A New American Agenda for Children and Families

ALL children
Massachusetts Kids Count

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Family Support
A New Approach to Child Well-Being

Parenting is harder than it used to be. Not so long ago, families could count on nearby relatives, neighbors, and friends to share in child care, give advice and encouragement, and serve as role models. But high rates of divorce and single-parenthood, soaring numbers of women in the workforce, and increasing geographic mobility have left many families isolated from these traditional informal support networks.

What Is Family Support?

Family support programs offer **all parents** what informal networks once supplied: help in raising healthy, happy children. Family support represents a whole new philosophy of community service—one that builds on the family's strengths, focuses on the entire family within its culture and community, and gives the family a central role in the planning, design, and delivery of carefully planned and implemented services. Family supports and resources empower parents, build communities, and help prevent such problems as child abuse and neglect, low birthweight, teen pregnancy, and dropping out of school.

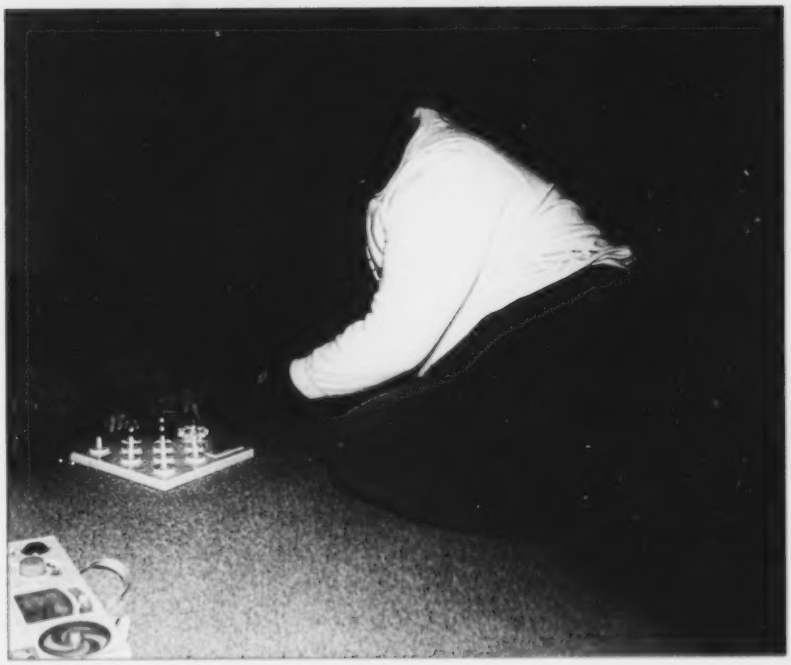
Family supports give parents the opportunity to reach out to one another and learn together. Supports include parenting and family nurturing classes, home visiting, parent-child groups and family activities, information, and help in obtaining services. Resources respond to practical needs—for example, baby clothes and toy exchanges, child care and transportation sharing.

How Family Support Differs from Traditional Services

Family Support Services	Traditional Services
Address needs before crises happen	Intervene only after crises happen
Respond flexibly to family and community needs	Offer only specific services or treatments
Focus on families	Focus on individuals
Build on each family's specific strengths	Emphasize family problems
Reach out to families	Have strict eligibility requirements
Respond quickly to needs and have drop-in services	Have office hours and waiting lists
Offer services at home or in homelike centers	Are based in offices

Source: Allen et al., 1992, cited in Family Resource Coalition (1996), *Making the Case for Family Support*.

Support Networks Work



When support is offered to families early, children benefit.

Effective immediate support enhances parenting skills and reduces parenting stress—changes that can have a positive impact on children's intellectual development and emotional health.

Recent neuroscience studies indicate that sensitive, responsive nurturing during the years from birth to 3 is critically important for children's brain development. The wiring that connects brain cells is growing explosively during these early years. Parents who learn the importance of holding, talking to, and playing with their infants can provide a rich environment in which more connections form—connections that are fundamental to rapid processing of information, normal emotional development, and good communications skills.

Negative experiences in infancy can also change the brain. Parents who are stressed and depressed tend to nurture their children less, punish them harshly and without a clear reason, or even abuse them. This kind of parenting creates chronic stress in the child. The child's stress causes an excess of a harmful chemical that can damage the growth of brain structures that regulate emotion, memory, and alertness. Children with high levels of the stress-related chemical have problems with attention and self-control, and many show hyperactivity and impulsive behavior.

When families are connected to other families in their communities, parents and children benefit.

Helping networks have a positive effect on parents' ability to deal with stresses than can lead to child abuse and neglect. Networks also build parenting skills and improve the likelihood that parents will stay in school and find employment.

- Healthy Start Hawaii is a voluntary community-based program for new parents who are experiencing stresses that can lead to child abuse. They are invited to accept a range of home visiting services that can continue for the first 5 years of their child's life. The program has reduced maltreatment in these families to less than 1%.
- The Addison County Parent-Child Center in Vermont provides a combination of home- and center-based services, education, and child care. Among families served at the Center between 1983 and 1987, the percentage of parents who had received high school diplomas increased from 10 to 70%, employment (including part-time) increased from 30 to 71%, and incidents of abuse declined from 21 to 2%.

When communities work together at the neighborhood level, everyone benefits.

Culturally sensitive, neighborhood-based support systems cement connections to society, leading to such socially positive outcomes as lower rates of juvenile delinquency, fewer teen pregnancies, and higher rates of employment.

- The Syracuse University Family Development Project provided an array of educational, health, and other human services through home visits that began before the children were born. A 10-year follow-up study found that only 6% of the children in the program had a history of juvenile delinquency versus 22% of a comparison group. A 14-year comparison showed that 20% fewer of these children had dropped out of school, half as many had become pregnant as teenagers, and twice as many had found employment.

Family Support Is Cost-Effective

Every dollar spent on family support and empowerment programs saves money that might be spent on out-of-home services. According to the Massachusetts Children's Trust Fund, for every $3 the Commonwealth spends on prevention programs, it saves $6 on out-of-home services. The message is clear: the costs of family breakdown are very high.

What Services Cost

Type of Service	Estimated Annual Cost per Child/Family
We can pay for:	
Family support networks for parents	$400
Family support services for young children	$1,800 - $2,000
Newborn home visiting	$1,700 - $3,500
OR we can pay for:	
Medical care	$9,000
Foster care	$17,000
Group care	$38,000
In-patient mental health care	$40,000 - $100,000

Sources: National Committee to Prevent Child Abuse, Massachusetts Department of Social Services, Children's Trust Fund.

What's Happening in Massachusetts

Family support in Massachusetts is a grassroots movement that emerged through collaborations between families and staffs in a variety of private agencies responding to the need for a family support component to their services. Most programs piece together funding from an array of sources, both public and private. Here are some examples of programs.

- **Community Connections Coalitions** in 18 communities set up comprehensive family support programs in neighborhoods.
- **Massachusetts Family Networks** in 18 communities offer home visits, child development education, health and developmental screening, family activities, and other services.
- **School-Linked Services** in more than 50 communities offer parent outreach and skills training activities in schools and parent/family resources centers.
- **Family Resource Centers** in 7 locations offer parenting education, home visiting, family health services, support groups, special family-oriented events, and job training and education.
- **Voluntary Newborn Home Visiting**, a state-funded program, is expected to get underway during fiscal year 1998, offering an array of services to all first-time parents, age 19 and under.

For information on how you can help Massachusetts expand its system of support and empowerment for all families, contact: the **Massachusetts Campaign for Children,** a public education and mobilization initiative to build an informed, organized, and active citizen constituency for children in Massachusetts, or the **Special Committee on Family Support,** a coalition of parents, professionals, and advocates dedicated to transforming the child welfare system. Both the Campaign and the Special Committee can be reached at 14 Beacon Street, Suite 706, Boston, MA 02108 phone: 617-742-8555 fax: 617-742-7808.

This report was prepared by **Massachusetts KIDS COUNT,** a statewide child data project of the Massachusetts Committee for Children and Youth and the Massachusetts Advocacy Center, funded by the Annie E. Casey Foundation.

End note: Data supplied by the Family Resource Coalition, the National Committee to Prevent Child Abuse, the Special Committee on Family Support, and the Massachusetts Children's Trust Fund.

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Health Care for All Our Children

We Can Make it Happen

"When children fail to receive necessary health care, their lives can be affected for years to come. To be sure of receiving the preventive and acute care required for healthy development, children should be covered by health insurance."

Families USA, ***One Out of Three: Kids Without Health Insurance***

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Health Care for All Our Children

We Can Make It Happen

No matter how hard parents try to keep their children healthy and safe, kids get sick and sometimes have accidents. Colds and fevers, rashes and falls are as much a part of a child's development as teething, crawling, walking, and talking. The best thing parents can do to ensure that their children stay healthy is to find and keep a regular health care provider who offers annual check-ups and vaccinations when a child is well and round-the-clock consultations and care when a child is sick. In July 1996, with passage of the **Act to Improve Health Care Access** (Chapter 203), Massachusetts took a giant step toward providing all of its children with affordable, continuous health care by expanding two key programs: **MassHealth** (Medicaid) and the **Children's Medical Security Plan** (CMSP). Now no child in Massachusetts needs to go without health insurance. **The challenge is to spread the word about these and other children's health care programs.**

The Health Care Gap in Massachusetts

Although the Commonwealth's outstanding hospitals and medical schools attract people from all over the world, many Massachusetts families have not found their way to a regular source of health care. According to a 1995 survey by researchers based at the Harvard School of Public Health,[1] 11.4% of Massachusetts citizens, or 683,000 people, had no health insurance. Included in that number were 160,000 children. Fewer than 1 in 5 of the parents of these children knew about the availability of Medicaid; less than 1 in 10 were aware of CMSP. Consistent with these figures is a recent report from the Washington-based Center for Budget and Policy Priorities. Their research suggests that between 25 and 40% of Massachusetts children eligible for Medicaid were not enrolled during the same period.

Who is caught in this health care crunch? The largest group consists of children of working parents. Uninsured kids have moms and dads who do maintenance, repair, and construction, who work in restaurants, shops, and gas stations and in hair salons and day care centers. Some of these parents are self-employed; others put in long hours for modest wages. Many cannot afford private health insurance. Others are stuck in temporary or part-time jobs where no health coverage is available. **The new law means that their kids can get health insurance—but only if they know that it is available.**

A Profile of Uninsured Families in Massachusetts, 1995

- Employed: 64%
- Work 40 hours or more: 61%
- Hold job for 5 years or more: 54%
- Work in building or retail and food/beverage trades: 51%
- Household income above poverty level: 65%
- No coverage for more than a year: 70%
- Aware of availability of Medicaid: 18%
- Aware of availability of CMSP: 7%

Source: Harvard School of Public Health and Louis Harris Associates (1995). *A Survey of the Health Insurance Status of Massachusetts Residents*

What It Means for Kids to Be Without Health Insurance

According to a recent *Newsweek* poll, nearly 51% of parents are concerned that their kids might have a serious accident or illness, and 35% worry about finding good health care for their kids. Parents want their children protected by vaccinations. They want help in managing their asthma and other chronic conditions. They want to know whether their children are developing normally, whether they need glasses, physical therapy, or counseling. To achieve those goals they need a strong, on-going relationship with a health care provider. For uninsured families this is very hard to achieve. Research has found that:[2]

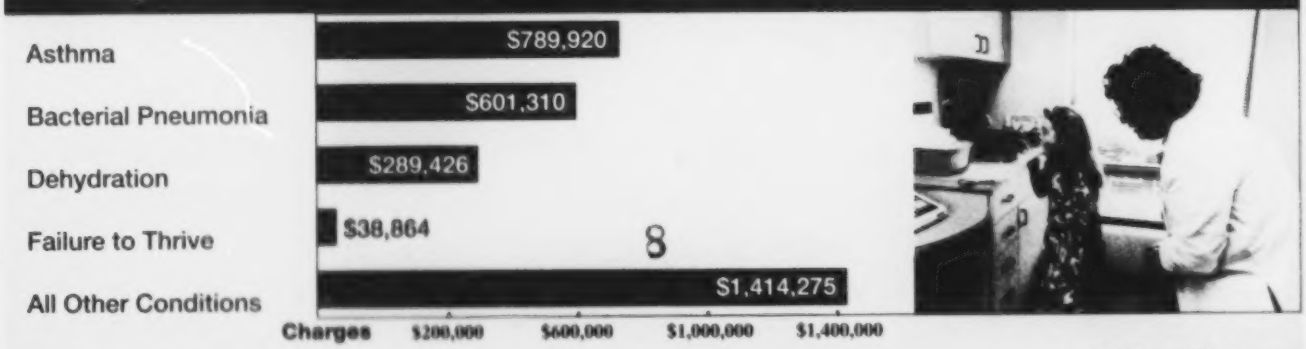
- Uninsured kids are **twice** as likely as insured kids to be without a regular source of health care.
- Although an annual physical checkup is recommended for one- to five-year-olds by the American Academy of Pediatrics, uninsured children in this age group are **three times** more likely than insured kids to have had no doctor visit within the last year.
- Compared to insured children, uninsured kids are **three times** less likely to have received all of their immunizations.
- And even when they have usual sources of care, uninsured children are **two to three times** more likely than insured kids not to have continuous access to the same health care provider and **twice** as likely not to have access to 24-hour emergency care.

Lack of Health Care Is Costly

By the time many uninsured children arrive at the emergency room, they may be so sick they need inpatient care. This is a costly outcome—physically dangerous for the child, emotionally upsetting and time-consuming for the family, and a financial drain on everyone—and one that might have been prevented through the timely use of primary and preventive health care. For example, research has shown that every $1 spent on immunization for whooping cough saves $2 in other costs and every $1 spent for measles, mumps and rubella immunization saves $14 in other costs.[3]

Regular doctor visits are especially important in preventing serious episodes of asthma, bacterial pneumonia, and dehydration—the most common causes of preventable hospitalizations among Massachusetts children, both insured and uninsured.[4] In 1995, charges for each preventable hospitalization for asthma averaged $3,061 per uninsured child, while charges for treatment of bacterial pneumonia and dehydration averaged $4,063 and $2,705, respectively. And national figures suggest that once they are in the hospital, these children may be short-changed in terms of quality of care. According to a recent report from the advocacy group Families USA, long-term uninsured children average only 42% of the inpatient hospital care days of insured children.

Charges for Preventable Hospitalizations of Uninsured Children in Massachusetts



Source: Massachusetts Division of Health Care Finance & Policy; Data: October 1994 - September 1995.

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The Worry Factor[5]

No one needs to convince Deirdre L. of the importance of health insurance. A family day care provider, she was unable to find health insurance for her daughters until the advocacy group Health Care For All helped her enroll them in the Children's Medical Security Plan. Both of her kids have asthma. "For a while, I used my credit cards to get their medicine," she says, "until I couldn't pay up and the cards were taken away from me."

Ordinary health problems became crises. "Ear infections, colds, asthma attacks, things people with insurance think are aggravating, they have no idea what it's like with no insurance. When my daughter got a sore throat, I'd get on my knees and pray: don't let it be strep."

And the situation affected her daughters, who became upset when they felt sick because they knew their mom would panic. At one point her younger daughter put off telling her mom about an earache for so long that she didn't get to the emergency room until her ear drum was about to puncture. "The girls were really excited about joining CMSP. When I showed them the card," Deirdre says, "my older one said, 'Now we can be sick!'"

Children's Health Care Programs

Massachusetts families have a choice of health care programs that offer their children access to the medical basics necessary for survival and good health. Each program has different eligibility guidelines and offers different services. The most widely available programs are the following.

- **Children's Medical Security Plan (CMSP)** is the fail-safe program: it offers a package of primary, preventive, and limited emergency health care to **all uninsured children** at no cost or with a monthly fee that depends on family income.
- **MassHealth (Medicaid)** has a richer package of benefits: it provides the most comprehensive set of health services to **all poor children** at little or no cost.
- **CommonHealth** is a MassHealth program for **children with disabilities** whose family income is higher than the standard eligibility guidelines.

To sign up for the above three programs, call 1-800-909-2677

- **Free Care** covers hospital and health center services for **all underinsured and uninsured children**.
- **Healthy Start** covers **pregnant teenagers and women** who are not eligible for MassHealth.

For information on how you can help get out the word about Massachusetts programs of health insurance for children, contact the **Massachusetts Campaign for Children**, a public education and mobilization initiative to build an informed, organized, and active citizen constituency for children in Massachusetts, 14 Beacon Street, Suite 706, Boston, MA 02108 phone: 617-742-8555, or **Health Care For All**, a public education and advocacy organization focused on empowering consumers and those lacking in access to care to bring about fundamental health care reform, 30 Winter Street, Suite 1007, Boston, MA 02108 phone: 617-350-7279.

This report was prepared by Massachusetts KIDS COUNT, a statewide child data project of the Massachusetts Committee for Children and Youth and the Massachusetts Advocacy Center, funded by the Annie E. Casey Foundation.
Photographs: Cover, courtesy of Marilyn Humphries and Health Care For All; pp. 2, 3, and 4 courtesy of Children's Hospital.
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[5] Unless otherwise noted, data in this section from Harvard School of Public Health and Louis Harris Associates (1995), *A Survey of the Health Insurance Status of Massachusetts Residents*.
[6] Data in this section from Newacheck et al. (1996), *Pediatrics* and Wood et al. (1990), *Pediatrics*.
[7] Mann, C. (1994) *Missed Opportunities: A Report on Children's Health Programs in Massachusetts*. Boston: Massachusetts Law Reform Institute.
[8] Data in this section from Massachusetts Department of Public Health and Massachusetts Rate Setting Commission.
[9] Adapted from Massachusetts Human Services Coalition (1994), *State House Watch*.

Massachusetts Families

Working and Still Poor

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"As we approach the end of the twentieth century, a child in America is almost twice as likely to be poor as an adult. This is a condition that has never before existed in our history. Most probably it has never before existed in the history of the human species."

Senator Daniel Patrick Moynihan

ALL children

MASSACHUSETTS KIDS COUNT

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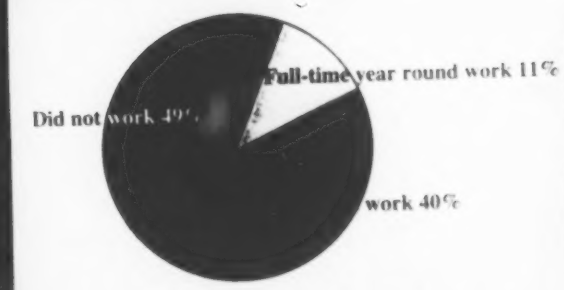
Massachusetts Families
Working and Still Poor

"When it comes to children, the United States is the poorest of rich nations," writes journalist Holly Sklar(1). And when it comes to children, Massachusetts is one of the poorest of rich states.

The Massachusetts economy is booming. Typical family income is third highest in the nation. But the fruits of our state's economic growth have not been shared equally among all families. More than one out of every ten Massachusetts residents lives in poverty (1997 income below $16,050 for a family of four)(2). And children stand out as the poorest of our poor. Nearly one Massachusetts child in six lives in a family with a poverty-level income, and 6% live in extreme poverty (income 50% below the poverty line)(3).

These statistics might seem to paint a picture of families currently receiving public assistance. However, contrary to common stereotypes, a significant proportion of our poor children come from working families. **In the mid-1990s more than half of Massachusetts poor families with children included a worker** (see graph). In round numbers, this amounts to 50,000 families, and in 12,000 of them the work was full time. Among poor families with children who received welfare benefits, a significant proportion—slightly over 40%—included a parent who worked at least part of the year(4). Says J. Lawrence Alber, director of the National Center for Children in Poverty, "Statistics show that if you play by the rules, you can still be poor. Poverty is in every community."

Work Effort of Poor Massachusetts Families with Children, Mid-1990s



Source: Center on Budget and Policy Priorities

Because so many of the state's poor children have parents who work, the state's high child poverty rate can be improved significantly by making policy changes designed to help working families. **Our challenge is to improve access to fundamental opportunities that help poor families keep on working and to strengthen programs that help them earn more. We need to**

- **Improve the quality, affordability, and accessibility of child care**
- **Expand health care coverage and improve outreach to eligible families**
- **Encourage education and training to boost earnings**
- **End the assault on affordable housing**
- **Expand the earned income tax credit**
- **Raise the minimum wage and institute job security policies**

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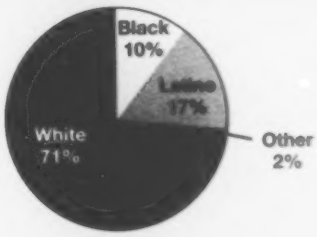
Faces of Working Poverty

The statistics are stark: child poverty grew 14% between 1985 and 1994 in Massachusetts[3]. By the mid-1990s more than a quarter of a million children, or 15.8% of the state's kids, were poor, compared to a rate of about 10% for adults. **Slightly over 40% of poor kids, or approximately 100,000 children, lived in families with working parents[4].**

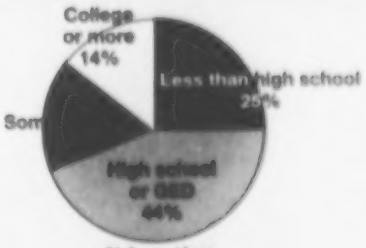
Most of the poor kids in Massachusetts are white. But the *rate* of poverty among children of color is even higher. A KIDS COUNT analysis of 1990 Census data suggests that on average one out of twelve white children is poor. In contrast, the rate for Latino children is one out of two, with Puerto Rican and Dominican children most affected. Rates are one in three for African-American and Native-American children. Poverty rates among Asian-American children vary widely, with some groups, such as Asian-Indian kids, lower than average and some groups, such as Vietnamese kids, much higher[5].

The things that used to lift a family out of poverty are not effective in today's economy. Living with a spouse doesn't necessarily mean that your income will be adequate: more than a third of Massachusetts working poor families with children are married couples. A general education also does not guarantee a well-paying job: nearly one out of three working poor families is headed by a person who has taken some college courses or finished college, and three out of four working poor parents have a least a high school education. (For more on the need for affordable higher education, see pages 9 and 11.) And working poverty is not a problem just for young parents: nearly half of Massachusetts working poor families are headed by a person over 35[4].

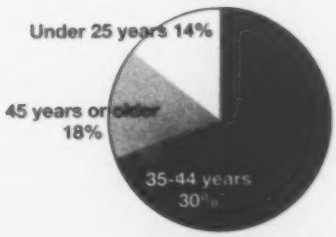
A Profile of Massachusetts Poor Working Families with Children, Mid-1990s



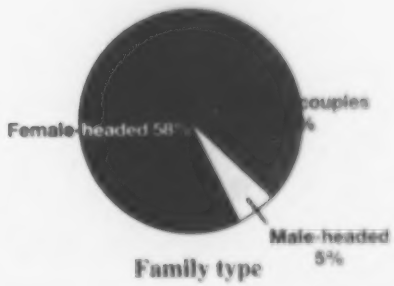
Race



Education



Age of family head



Family type

Source: Center on Budget and Policy Priorities

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High Costs for Massachusetts Families

Because it has never been updated to capture changes in family spending patterns, the federal government's official poverty line formula is widely believed to underestimate the depth and extent of poverty in the United States. Set by the US Department of Agriculture (USDA) in the mid-1960s, the measure assumes that families spend one-third of their income on food and the other two-thirds on housing, transportation, health care, clothing, taxes, and incidentals. **There is no allowance for child care.** In a state such as Massachusetts with high housing, fuel, and food costs, the measure is particularly deceptive.

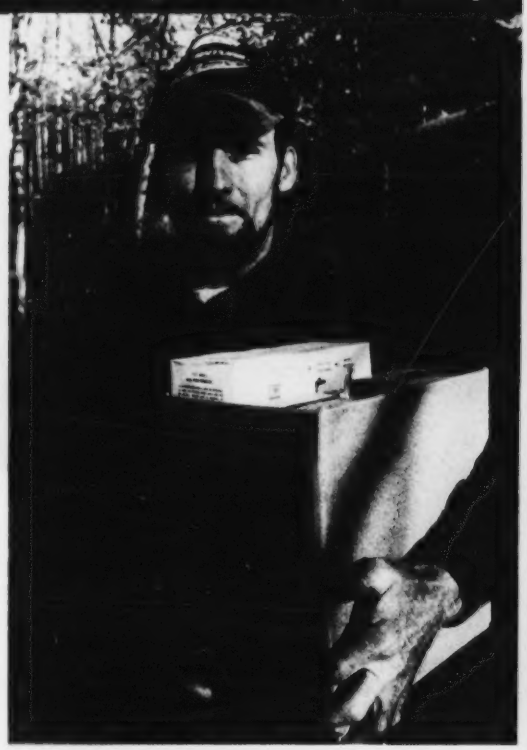
Thirty years ago few women worked outside their homes, and the price of food was high relative to housing, health care, and other basic necessities. Today, working families spend a high proportion of their income on child care and rent, and only about one-fifth on food. Nevertheless, the poverty-line formula remains the same except for an annual adjustment for inflation.

How much money does it really take to buy the basic necessities? In their book on the working poor(7), John Schwarz and Thomas Volgy have estimated that an income of 155% of poverty is needed to meet a family's basic needs. Using the 1997 poverty income guidelines for a family of four, this amounts to $25,000 (that is, 55% more than the $16,050 guideline). The family's $2,000+ per month income—according to the Schwarz and Volgy budget—would be laid out as follows.

A Monthly Budget for a Four-Person Family with Earnings 155% Above Poverty

Food	**$ 399**
Rent	**466**
Phone, heat, electricity	**155**
Transportation	**326**
Medical expenses	**157**
Clothing	**100**
Personal items like soap	**40**
Incidentals	**130**
Taxes	**300**
Child care	**0**
Total	**$ 2073**

Source: Adapted from Schwarz and Volgy, 1992.



As you can see, an annual income of $25,000 doesn't go very far in Massachusetts. A family would need to nearly double its housing budget to pay the "fair market rental" of $839 for a 2-bedroom Boston-area apartment. And following the poverty guidelines, there is no money at all for child care costs, even though families typically lay out $375 per month for day care, according to federal government figures(8). Expenses like these would leave a 4-person family cold and hungry—and without access to food stamps, Head Start, and other benefits. **The continued use of this inadequate measure of poverty means that there are many thousands of uncounted "invisible poor" in our wealthy state.**

The Consequences of Child Poverty

How do poor parents cope? Many poor families cut back on food, which interferes with kids' development and can create health problems for everyone in the household. Many rent substandard housing, do without health insurance, and are forced to settle for poor quality child care[5].

Poverty is tough on children. When it's cold in the house and there's not much to eat, kids get sick more often and can do worse in school. This affects their long-term health and future job prospects. Family stress increases and so can emotional and physical abuse. When parents work and still can't pay for their family's basic needs, society is saying to children: it doesn't make sense to play by the rules. This is not a good message for kids to grow up with.

A recent national comparison of poor and nonpoor families[9] found that

- Poor mothers' medical care during pregnancy is **three times** more likely to be inadequate. This lack of care can result in low-birthweight babies who can have life-long health problems.
- Members of poor families are **twice** as likely to be victims of violent crimes.
- Poor families' housing is **twice** as likely to be crowded and rundown.
- Poor children are **twice** as likely to repeat a grade and **three times** as likely to be expelled from school.

Working Hard and Staying Poor

Ed and Karen Silva are an "invisible" Massachusetts working poor family. They live in Somerville with their six children. In June 1995 they told a *Boston Globe* reporter that although they have always worked hard, they've been poor all of their married life. Ed, a full-time warehouse manager, earned $27,000 at the time they were interviewed. Karen, a data-entry clerk, worked at night. Although Ed's income placed them above the 1995 poverty line, which made them ineligible for food stamps, their wages didn't stretch far enough to provide them with a healthy diet. Instead, they were forced to depend on food pantries, free school meals, and food vouchers.

The Silvas are fairly typical of the Commonwealth's "invisible poor" working families with children (incomes 100% to 200% above poverty). There were 108,000 of these families with children in Massachusetts in the mid-1990s. Nearly all of these families, 97.3%, had a working parent, and in 70% of the families the parent worked full time[4].

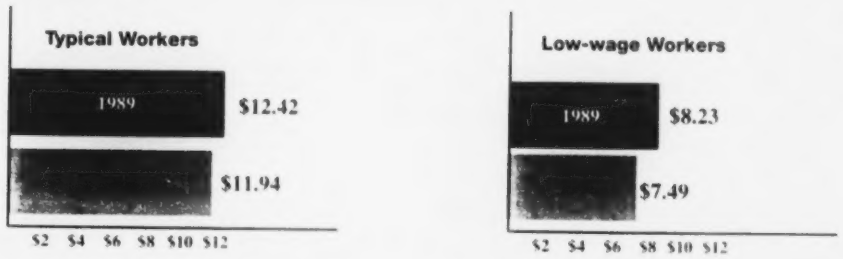
Why Working Families Are Poor

"People are working harder and harder for less and less." Bill Clinton's election year statement holds a key to the puzzle of why hard work isn't lifting families out of poverty. In the past two decades the wages of working families have declined or grown stagnant while the incomes of the rich have soared. **Nationally, the wage gap is so extreme that the top 4% earn more than the entire bottom half**(1).

The Massachusetts economy by most standards is healthy now. But our state went through a severe recession starting in 1989, and for many workers wages still have not recovered. Between 1989 and 1994, the typical worker saw a 4% drop in his or her real (adjusted-for-inflation) hourly wages, and the earnings of the lowest-paid workers (those just above the minimum wage) fell by more than 9%(2).

Real Hourly Wages of Typical Earners and Low Earners in Massachusetts, 1989 and 1995

In 1995 Dollars



Source: Economic Policy Institute

The government has encouraged low wages by letting the value of the minimum wage fall so far that even after th recent increase its value in 1998 will be only about 80% of the poverty line for a family of three. As economists at the Economic Policy Institute point out, most minimum-wage earners are not teenagers, but adults providing a significan share of their family's earnings(3). In the Boston area, it would take 90% of one minimum wage earner's annual befor tax income to cover the "fair market" rent on a 2-bedroom apartment.

Jobs Shift to Low-Paying Industries

A common explanation for falling wages is that workers don't produce enough and their fringe benefits cost too much. These excuses don't work for New England. Our labor productivity was third highest in the nation in 1992, having increased 28% since 1977. And while productivity was going up, benefits were going down. Between 1977 and 1992, the percentage of workers covered by health insurance dropped—from 91% to 87%[10]—despite the fact that health care costs have recently leveled off[2]. By 1996, according to a recent study by the Boston University School of Public Health, 766,000 Massachusetts residents, or 12.4% of our total population, had no health insurance at all.

If workers are producing more and the cost of their benefits has not risen, what explains falling wages and rising working poverty? A driving force is the disappearance of high-paying, semi-skilled manufacturing jobs from Massachusetts as corporations have automated or shifted their operations out of state and overseas in search of lower labor costs. In 1982, manufacturing was the second-largest employer in Massachusetts and accounted for one job in every four. By 1995, manufacturing had declined 30%, accounting for only one job in six[10].

The Commonwealth has added plenty of new jobs since the early eighties. Unfortunately for the state's workers, most of these jobs are in the service and retail trade industries, which have the lowest average weekly pay of any sector of the economy. An additional 300,000 jobs in service industries and 77,000 jobs in retail trade between 1982 and 1995 increased service employment by 50% and retail employment by 17%. Not surprisingly, by the mid-1990s these industries were where a majority of the Commonwealth's parents with low earnings were working: 46% in service industries and 29% in retail sales. A mere 11% held manufacturing jobs[4].

Where the Jobs Went in Massachusetts, 1982 to 1995

Source: Center on Budget and Policy Priorities

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Workers: A Disposable Commodity

Driven Out of the Middle Class

Larry Sullivan of Framingham used to have a manufacturing job. For 27 years, until General Motors moved its Buick Century and Chevrolet Celebrity operations from Framingham to Mexico and Canada, Sullivan built cars for $21 per hour—a salary that enabled him to provide comfortably for his family of seven. At age 59, he's still at the old GM plant, but it's now a giant used-car auction house. For $7 per hour part-time, he drives used cars around the lot. The work earns him barely enough to buy groceries for his family. They get by on his partial pension and other part-time work and his wife's part-time earnings. "I've got a lot of memories every time I go into that old plant and see it all stripped down," he says. "They've gutted the inside. The good jobs are gone. Long gone."

The Sullivans' experience offers compelling evidence that if wages are low enough, the hard work of two people won't be enough to lift a family out of poverty(11).

Low-skill, low-pay, part-time jobs like Larry Sullivan's offer few benefits and are disconnected from the promotion ladder. Sullivan's situation is increasingly common: today part-timers make up 18% of the workforce. The growth of part-time work has been described as a slowly rising tide. What's new and particularly worrisome, according to economist Chris Tilly, is that

- *all* of the increase in the past 20 years is due to an expanding *involuntary* part-time workforce, and
- although the percentage of involuntary part-time workers usually drops when times are good, in the current "recovery" the percentage has actually increased(12).

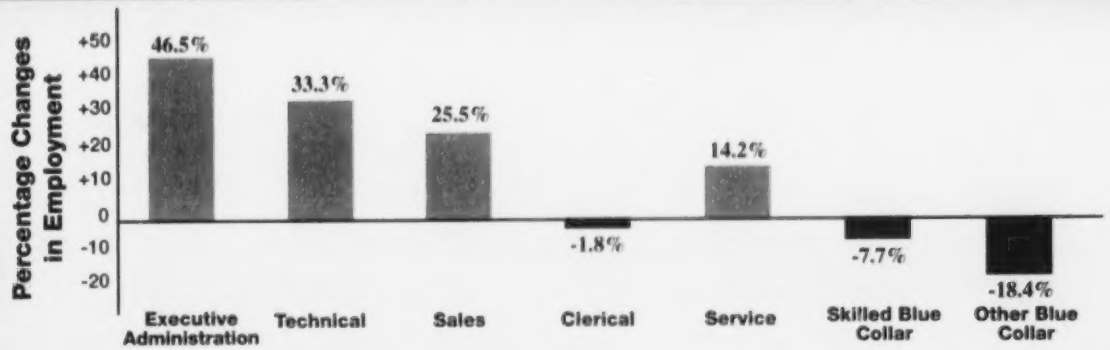
Many families have low incomes because a working parent faces limited job opportunities and cannot work as much as he or she would like. **Forty-five percent—26,000—of the Commonwealth's working parents in poor families with children worked less than they would have liked in the mid-1990s. Approximately 15,000 of those individuals were involuntary part-timers(4).**

What about those people counted as voluntary part-timers? Many are trapped in part-time hours by lack of child care or elder care. Nearly 35% of part-time working women say they would work more hours if good child care were available. Some of these part-timers find themselves working for less than those doing the same work full time. Most are simply stuck in low-wage occupations. Tilly recently reported that on average part-timers earn half the hourly wages of full-timers ($7.38 versus $14.16 per hour on average) and they get few if any benefits. Fewer than one-fifth of part-timers receive health insurance from their employers compared with three-quarters of full-time workers(11).

Education and Training: A Necessity in New England

Occupational changes—an increase in high-skilled white-collar jobs and a drop in blue-collar skilled and semi-skilled employment—are also a factor in the huge jump in the number of working poor families in New England, according to Northeastern University economist Andrew Sum[10]. This occupational shift is evident even in the hard-pressed manufacturing sector. In 1980, for example, only about 20% of New England's manufacturing jobs were in white-collar professional, managerial, technical, and high-level sales—categories that typically require a college degree. By 1994, the proportion of college-level, white-collar manufacturing jobs had grown to 33%. During the same period, the proportion of blue-collar jobs fell from 57% to 45% of manufacturing employment[10].

How Staffing Patterns Have Changed in New England, 1983 to1994



Source: Sum et al., 1996

Improving the occupational skills of low-wage workers to help them get better-paying jobs remains a mainstay of efforts to reduce poverty. As a policy analyst for the David and Lucile Packard Foundation points out, adult low-wage earners can benefit from effective education and training programs in two ways: (1) the skills help them compete more effectively for higher-paying jobs and (2) since the training reduces the over-supply of workers with low skills, employers may have to pay more to find people to get the job done[13].

Programs of education and training designed to help low-skilled parents compete in the labor market have produced only small increases in income, leaving most families well below the poverty line. This is not surprising, considering that most families had very low incomes to begin with and that most participants earned a GED or received modest post-high school training—neither of which equip people for high-skilled work. Larger income gains require the development of college-level programs that will give a bigger boost to families' earning power and the implementation of economic and social policies that will make it easier for poor families to increase their earnings[13].

Strategies to Support Work and Reduce Poverty

Because so many Massachusetts children live in poverty despite their parents' substantial work effort, any effective strategy to reduce poverty must **(1) ensure that families have access to opportunities fundamental to full participation in the work force and to maintaining healthy families and (2) expand programs that make work pay.**

Improve the Quality, Affordability, and Accessibility of Child Care

Massachusetts's low-income families cannot afford the child care that they need to be able to work. Full-time, high-quality, unsubsidized child care for a preschool child costs an average of $5,000 to $8,000 per year per child, an outlay that can consume 40% of the income of a family just above the poverty line. The need for subsidized child care far outstrips the supply, even though every dollar spent on quality early childhood care saves $7 in remedial education, criminal justice, and welfare costs. The Massachusetts legislature took a major step toward improving access to affordable care in the 1998 budget by significantly increasing funding for state child care programs.

- The impact of the additional dollars could be maximized by guaranteeing child care for welfare recipients in education and training, those in their first year of work after leaving welfare, and low-income working families.
- Meeting the need for subsidized care will also require expanding the supply of licensed, quality care in appropriate facilities.
- All working families would benefit from universally available school-age child care for those times when parents are working and school is not in session.

Expand Health Care Coverage and Improve Outreach to Eligible Families

Massachusetts now makes available continuous, affordable health care to all its children, but many kids are still not getting the health care they need. Many working poor families are unaware that health coverage is available for their children, and many other families find that their children are eligible for only a limited package of benefits. Recently enacted federal legislation will provide the Commonwealth with about $42 million annually for the next 5 years to expand health care options for all our children. With this money available, Massachusetts has an opportunity to further improve health care access.

- To provide health care for all our children, Massachusetts needs to
  1) Expand the full-benefit MassHealth (Medicaid) program, extending eligibility from age 12 to age 18 for families with incomes up to 200% of poverty ($26,660 for a family of three)
  2) Enhance and expand the state's Children's Medical Security Plan (CMSP) to include dental care, hearing and eye exams, outpatient surgery, mental health services, and an increased allowance for prescription drugs
  3) Increase the effort to enroll hard-to-reach families through aggressive community-based outreach

Encourage Education and Training to Boost Earnings

Historically, between 55% and 60% of job training for poor people in Massachusetts has been for low-skilled office and clerical occupations rather than for higher-skilled careers. Essential elements in an effective training system are skills preparation for well-paid jobs with career ladders, programs of adequate length, and provision of support services such as child care and transportation.

- Massachusetts policy makers should consider expanding access to community colleges and other institutions of higher education with tuition reduction and other financial supports for the poor and working poor.
- Education and training should count as work experience under welfare reform.

End the Assault on Affordable Housing

In Massachusetts—once a national leader in assisting production of low-income housing—rising rents and declining state subsidies have created a crisis in affordable housing. The state's rental assistance program has been gutted. More than 15,000 housing units built with federal subsidies in the 1960s and 1970s are at risk of being lost as housing for low- and moderate-income families. Local housing authorities are now permitted to demolish federal public housing stock without replacing the units lost. This is already happening in Massachusetts[14].

- The social and policy implications of these drastic changes have yet to be seriously debated, let alone addressed.

Expand the Earned Income Tax Credit (EIC) to Supplement the Earnings of the Working Poor

The federal EIC is a tax break for low-income parents who work. Designed to offset the burden of Social Security payroll taxes, it gives families a refund of 40 cents for each dollar earned up to $9,140 for a family with two or more children. Its maximum value of $3,656 is gradually reduced as income rises above that level. Massachusetts recently joined eight other states in piggybacking a state EIC onto the federal EIC. It is designed to offset state taxes, particularly property and sales taxes, which disproportionately affect poor working families.

- While credit is due the policymakers who pushed through the state EIC, at 10% of the federal level it is one of the lowest state EICs. An increase to 15% to 20% would provide up to $360 in additional tax relief for poor working families with two or more children.
- Outreach is needed to the many eligible Massachusetts working families who do not apply for this benefit because they don't know it is available.

Raise the Minimum Wage and Institute Job Security Policies

Stagnating wages and job insecurity are two of the major challenges now facing working families. If the federal minimum wage, which currently stands at $5.25 per hour, had the buying power it had in 1968, it would now be worth over $7.00 per hour. Back in the 1960s workers could also count on permanent, full-time jobs. Today contingent (that is, temporary, on-call, leased, day-labor, etc.) work and part-time work account for two-thirds of all new nongovernment jobs.

- Massachusetts needs to raise the state minimum wage, which at $5.35 per hour is only 10 cents above the federal level.
- Boston recently passed one of the strongest Living Wage laws in the country, requiring corporations that receive state and local government contracts and subsidies to pay wages based on US poverty income guidelines for a family of four. Massachusetts should do the same.
- Contingent and part-time workers need protections that will ensure pay equal to that of permanent workers doing the same job and maternity leave and unemployment insurance eligibility for part-timers.

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You Can Make a Difference!

Help get out the word out on programs that benefit all our children. For reports, fact sheets, action suggestions, and flyers in several languages, contact the **Massachusetts Campaign for Children,** a public education and mobilization initiative to build an informed, organized, and active constituency for children in Massachusetts, 14 Beacon Street, Suite 706, Boston MA 02108 phone: 617-742-8555, e-mail: mail@masskids.org

For additional information on **affordable child care**, contact Parents United for Child Care (30 Winter Street, 7th floor, Boston, MA 02108 phone: 617-426-8288); **children's health care programs**, contact Health Care For All (30 Winter Street, 10th floor, Boston, MA 02108 phone 617-350-7279); **education and training programs**, contact Massachusetts Advocacy Center (100 Boylston Street, Boston, MA 02116 phone: 357-8431); **EIC and other tax initiatives,** contact Tax Equity Alliance of Massachusetts (37 Temple Place, 3rd floor, Boston, MA 02111 phone 617-426-1228).

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